
This sweeping history of global capitalism in the nineteenth and twentieth centuries is an ideal undergraduate text for international political economy courses. Frieden’s analytical narrative pulls together an almost comprehensive set of secondary literatures on the movement of capital, commodities and, to a lesser extent, people from the end of the Napoleonic Wars to the apparent triumph of liberal capitalism in the 2000s. Short but illuminating biographies of some key figures liven the necessarily drier recitations of statistical material. Similarly, non-technical expositions of some key economic arguments, such as comparative advantage, Hecksher-Ohlin, or the Mundell-Fleming trilemma, provide an analytic framework for the narrative. The structure of the book lends itself to lectures that complement its narrative with more formal or technical analyses of economic issues, or more detailed examinations of the politics behind crucial policies or conflicts. Students who know little history – sadly most of them these days – can thus come to class armed with a foundation in events and issues.

Freiden covers five key issues in both centuries: economic development, the organization of global monetary affairs, trade openness, corporate organization and multinational investment, and the problem of hegemony. These are broken up in a historical periodization that charts the increasing openness and integration of the nineteenth century global economy, its closure and collapse after World War I, and the gradual reemergence of global markets for everything after World War II. The two great drivers of this “U” shaped trajectory are falling transportation costs (understood broadly to include communications), and states’ recognition of the possibility of gains from trade. These have fueled reasonable growth in developed countries while allowing a few countries to converge on the rich countries via spectacular rates of export driven growth. Yet unlike many similar works, Frieden covers nearly all relevant geographical areas for each of his periods, not just the winners. He includes both the twentieth century socialist countries that appeared to stand apart from the global economy, and the mostly African countries that retrogressed economically during and after decolonization. Much as in world systems analyses, events in these economies seem driven by the larger global pattern, despite their apparent insulation or isolation.

Despite this wide ranging coverage, Freiden does illustrate the major trends in each period with a more intense look at archetypal political or policy conflicts. American agrarian discontent and Populism showcase the economic consequences of exploding agricultural exports in the nineteenth century, as well as the debate over the use of gold or silver as the preferred domestic and international currency. Hjalmar Schacht’s reconstruction of the German economy in the 1930s captures the autarkic policy and bellicosity of the Depression and wartime. Finally, discussions of late industrialization in a handful of developing countries express the curious post-war blend of ever freer global markets and pervasive state economic intervention (but not ownership) in the pursuit of wealth and thus power.

All that said, there is not much that is new here. The core point – that globalization is neither new nor inevitable – had already been made in the early 1990s. As noted above the book synthesizes much recent scholarship on specific issues. And a choir of Cassandras had also already pointed out that the
economic costs of globalization in the developed countries had largely met no ameliorating political
response during the 1990s and 2000s. Yet, as Frieden notes (p. 472), “support for international
economic integration depend[s] on prosperity. If global capitalism ceased to deliver growth, its future
would be in doubt.” We find ourselves in precisely this situation today. What Frieden missed was that
the legitimating prosperity of the 2000s, if not the 1990s, was largely illusory. Restatement of financial
firms’ accounts after the 2007/09 financial crisis has revealed that the profits that underlay most of US
income growth in the 2000s never existed. Freiden (p. 476) is clear that the biggest challenge that
governments face in the pursuit of integration – which he sees as desirable – is the problem of
combining ‘international integration with politically responsive, socially responsible government.’
Written before the great collapse, the book offers no road map for responsible government. The overall
effect is somewhat owl-of-Minervish. Frieden has delivered what turns out to be two eulogies for global
capitalism. The first is intentional, while the second can be discerned only in the book’s silences on
where global financial flows really went (housing), on the actual distribution of gains from integration
(largely to elites in the US and China), and on capitalism’s ability to self-regulate (evidently zero).

Herman Schwartz, University of Virginia